

ASSEMBLY BILL

No. 32

**Introduced by Assembly Members Nation and Aroner
(Principal coauthors: Assembly Members Calderon and
Longville)
(Coauthor: Assembly Member Matthews)**

February 5, 2001

An act to amend Section 739 of, and to add Sections 739.9, 73910, and 739.11 to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 32, as introduced, Nation. Public utilities: rates.

(1) Under existing law, the Public Utilities Commission requires every electrical and gas corporation to file a schedule of rates and charges providing baseline rates. In establishing these rates, existing law requires the commission to avoid excessive rate increases for residential customers, and to establish an appropriate gradual differential between the rates for the respective blocks of usage. Additionally, in establishing residential electric and gas rates, including baseline rates, existing law requires the commission to assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable.

This bill would instead require the commission to establish a 3-tier rate structure for residential electric customers. The bill would exempt certain customers from the higher 3rd tier rate.

This bill would require the commission to make rate adjustments for nonresidential customers that result in those customers paying a rate that provides revenue to an electrical corporation from nonresidential customers in a proportionate share of nonresidential revenue to total revenues, and, on a periodic basis, for residential customers, adjustments that are necessary to eliminate any linkage between recovery of an electrical corporation's authorized revenues and its electrical sales.

The bill would also require the commission to undertake necessary measures, including appropriate orders, to ensure the replacement of at least 20% of current meters with time-of-use meters that distinguish and measure peak and off-peak energy use.

Because existing law makes any public utility that violates specified provisions regulating public utilities guilty of a misdemeanor, this bill would impose a state-mandated local program by creating a new crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 739 of the Public Utilities Code is
2 amended to read:
3 739. (a) The commission shall designate a baseline quantity
4 of gas and electricity which is necessary to supply a significant
5 portion of the reasonable energy needs of the average residential
6 customer. In estimating those quantities, the commission shall take
7 into account differentials in energy needs between customers
8 whose residential energy needs are currently supplied by
9 electricity alone or by both electricity and gas. The commission
10 shall develop a separate baseline quantity for all-electric
11 residential customers. For these purposes, "all-electric residential
12 customers" are residential customers having electrical service
13 only or whose space heating is provided by electricity, or both. The



1 commission shall also take into account differentials in energy use
2 by climatic zone and season.

3 (b) (1) The commission shall establish a standard limited
4 allowance which shall be in addition to the baseline quantity of gas
5 and electricity for residential customers dependent on life-support
6 equipment, including, but not limited to, emphysema and
7 pulmonary patients. A residential customer dependent on
8 life-support equipment shall be given a higher energy allocation
9 than the average residential customer.

10 (2) “Life-support equipment” means that equipment which
11 utilizes mechanical or artificial means to sustain, restore, or
12 supplant a vital function, or mechanical equipment which is relied
13 upon for mobility both within and outside of buildings.
14 “Life-support equipment,” as used in this subdivision, includes
15 all of the following: all types of respirators, iron lungs,
16 hemodialysis machines, suction machines, electric nerve
17 stimulators, pressure pads and pumps, aerosol tents, electrostatic
18 and ultrasonic nebulizers, compressors, IPPB machines, and
19 motorized wheelchairs.

20 (3) The limited additional allowance shall also be made
21 available to paraplegic and quadriplegic persons in consideration
22 of the increased heating and cooling needs of those persons.

23 (4) The limited additional allowance shall also be made
24 available to multiple sclerosis patients in consideration of the
25 increased heating and cooling needs of those persons.

26 (5) The limited additional allowance shall also be made
27 available to scleroderma patients in consideration of the increased
28 heating needs of those persons.

29 (6) The limited allowance shall also be made available to
30 persons who are being treated for a life-threatening illness or have
31 a compromised immune system, provided that a licensed
32 physician and surgeon or a person licensed pursuant to the
33 Osteopathic Initiative Act certifies in writing to the utility that the
34 additional heating or cooling allowance, or both, made available
35 pursuant to this subdivision is medically necessary to sustain the
36 life of the person or prevent deterioration of the person’s medical
37 condition.

38 (c) (1) The commission shall require that every electrical and
39 gas corporation file a schedule of rates and charges providing
40 baseline rates. The baseline rates shall apply to the first or lowest

1 block of an increasing block rate structure which shall be the
2 baseline quantity. In establishing these rates, the commission shall
3 avoid excessive rate increases for residential customers, and shall
4 establish an appropriate gradual differential between the rates for
5 the respective blocks of usage *for gas rates*.

6 (2) In establishing residential electric and gas rates, including
7 baseline rates, the commission shall assure that the rates are
8 sufficient to enable the electrical corporation or gas corporation to
9 recover a just and reasonable amount of revenue from residential
10 customers as a class, while observing the principle that electricity
11 and gas services are necessities, for which a low affordable rate is
12 desirable *and while observing the principle that conservation of up*
13 *to 20 percent of consumption is also desirable to maintain a low,*
14 *affordable rate.*

15 (3) *Notwithstanding any other provision of law, the commission*
16 *shall require each electrical corporation to establish a three-tier*
17 *block rate structure for residential electric customers as follows:*

18 (A) *Each electrical corporation shall divide its electrical*
19 *procurement costs into three levels with its lowest rate of*
20 *procurement in its first level and with its wholesale spot market*
21 *procurement costs as its third level.*

22 (B) *The three-tiered block rate structure shall be as follows:*

23 (i) *Customers that meet the baseline quantity shall pay a rate*
24 *not to exceed the costs of the first level of electrical procurement*
25 *costs.*

26 (ii) *For electricity usage that exceeds the baseline quantity but*
27 *does not exceed twice the baseline quantity, customers shall pay*
28 *a rate not to exceed the costs of the second level of electrical*
29 *procurement costs.*

30 (iii) *For electricity usage that exceeds twice the baseline*
31 *quantity, customers shall pay a rate not to exceed the costs of the*
32 *third level of electrical procurement costs. This rate may be*
33 *adjusted as necessary to recover the electrical corporation's costs*
34 *of electrical procurement on the wholesale spot market.*

35 (4) *The following customers shall be exempt from the*
36 *third-block rate:*

37 (A) *Customers on a time-of-use rate schedule.*

38 (B) *Customers participating in demonstrated peak load*
39 *reduction programs, such as air-conditioner cycling.*

1 (C) *Customers who establish that their energy use is beyond*
2 *their discretion for health or safety reasons.*

3 (d) As used in this section:

4 (1) “Baseline quantity” means a quantity of electricity or gas
5 for residential customers to be established by the commission
6 based on from 50 to 60 percent of average residential consumption
7 of these commodities, except that, for residential gas customers
8 and for all-electric residential customers, the baseline quantity
9 shall be established at from 60 to 70 percent of average residential
10 consumption during the winter heating season. In establishing the
11 baseline quantities, the commission shall take into account
12 climatic and seasonal variations in consumption and the
13 availability of gas service. The commission shall review and revise
14 baseline quantities as average consumption patterns change in
15 order to maintain these ratios.

16 (2) “Residential customer” means those customers receiving
17 electrical or gas service pursuant to a domestic rate schedule and
18 excludes industrial, commercial, and every other category of
19 customer.

20 (e) Wholesale electrical or gas purchases, and the rates charged
21 therefor, are exempt from this section.

22 (f) Nothing contained in this section shall be construed to
23 prohibit experimentation with alternative gas or electrical rate
24 schedules for the purpose of achieving energy conservation.

25 SEC. 2. Section 739.10 is added to the Public Utilities Code,
26 to read:

27 739.10. The commission shall, upon its own motion, or upon
28 the application of an electrical corporation, make the following
29 rate adjustments:

30 (a) For nonresidential customers, adjustments that result in
31 those customers paying a rate that provides revenue to an electrical
32 corporation from nonresidential customers in a proportionate
33 share of nonresident revenue to total revenue.

34 (b) On a periodic basis, for residential customers, adjustments
35 that are necessary to eliminate any linkage between the recovery
36 of an electrical corporation’s authorized revenues and its electrical
37 sales.

38 SEC. 3. Section 739.11 is added to the Public Utilities Code,
39 to read:

1 739.11. The commission shall undertake any necessary
2 measures to ensure the replacement of at least 20 percent of current
3 nonresidential meters with time-of-use meters that distinguish and
4 measure peak and off-peak energy use within a reasonable but
5 short period of time.

6 SEC. 4. No reimbursement is required by this act pursuant to
7 Section 6 of Article XIII B of the California Constitution because
8 the only costs that may be incurred by a local agency or school
9 district will be incurred because this act creates a new crime or
10 infraction, eliminates a crime or infraction, or changes the penalty
11 for a crime or infraction, within the meaning of Section 17556 of
12 the Government Code, or changes the definition of a crime within
13 the meaning of Section 6 of Article XIII B of the California
14 Constitution.

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